

**UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF TENNESSEE  
EASTERN DIVISION**

In re:

LAMBUTH UNIVERSITY,

Debtor.

Case No. 11-11942-GHB

Chapter 11

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**EMERGENCY MOTION FOR AN ORDER AUTHORIZING DEBTOR TO ENTER  
INTO LEASE OF PREMISES TO THE STATE OF TENNESSEE, BOARD OF  
REGENTS**

Lambuth University (“Lambuth” or “Debtor”) respectfully requests the Court enter an order on an emergency basis authorizing it to enter into a lease of its campus to the State of Tennessee (“Motion”). In support of its request for emergency relief, the Debtor states as follows:

**BACKGROUND**

1. On June 30, 2011, (the “Petition Date”), the Debtor filed a voluntary petition in the United States Bankruptcy Court for the Western District of Tennessee for relief under Chapter 11 of the Bankruptcy Code. Pursuant to Sections 1107 and 1108 of the Bankruptcy Code, the Debtor is continuing to operate its business and manage its properties as Debtor-in-possession. No trustee or examiner has been appointed in the above-captioned case (the “Chapter 11 Case”), nor has any official creditors’ committee been formed in the Chapter 11 Case.

2. Lambuth University is a private liberal arts university founded in 1843. It is located on a 50 acre campus in Jackson, Tennessee.

3. The university ceased its academic operations as of the Petition Date.

4. The Debtor seeks authority to enter into a lease of its campus premises to the Tennessee Board of Regents, to reduce the notice period for objecting to the Motion, and to set an emergency hearing in the event objections are filed.

5. This matter must be addressed on an emergency basis. The State of Tennessee proposes to lease the premises immediately in order for the University of Memphis to commence fall semester beginning in August, 2011. The Motion is the first step in transferring ownership of the Debtor's campus to the State of Tennessee. The sale will not occur until a later date. The lease is an integral component in protecting the value of the assets and maximizing the value of its estate.

6. The Tennessee Higher Education Commission and the Tennessee Board of Regents recently approved the eventual transfer of the Lambuth campus to the State of Tennessee. A local "Stakeholder Group" has agreed in principal, subject to certain governmental entities' approval, to purchase the assets and immediately transfer them to the State of Tennessee for use by the University of Memphis. The approval process is to be completed by August 5, 2011

7. Notice of this Motion has been served electronically on the Office of the United States Trustee, to the Secured Creditors of Debtor, the 20 Largest Unsecured Creditors and all parties who have requested notice. In addition, the "top twenty" unsecured creditors have been served by overnight delivery or via e-mail. All other parties are being served via U.S. mail, first-class postage prepaid.

### **JURISDICTION**

8. This Court has jurisdiction over the subject matter of this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (B) and (M). The Court possesses the requisite authority to grant the relief requested herein pursuant to 11 U.S.C. §§ 105 and 363 (the “Bankruptcy Code”).

**RELIEF REQUESTED**

9. As of the Petition Date, the Debtor ceased its academic operations. Its 50 acre campus consists of approximately 28 buildings and facilities including an administration building, library, dormitories, a planetarium and a performing arts center. Lambuth’s primary secured creditor The Bank of New York Mellon Trust Company; it asserts a first priority lien on five buildings along with holding a negative pledge agreement.

10. The ability to enter into the Lease is crucial to the preservation and maximization of the assets. The Lease will allow the necessary time to complete the sale of the assets and provide the community the stability and benefits of a higher institution of learning. A copy of the Lease is attached as Exhibit A. The Lease attached will be presented at or before the hearing and available upon request from the undersigned.

11. By this Motion, the Debtor does not seek authority to sell the assets.

12. As discussed above, the Lease is essential to the Debtor’s business and operations. The State of Tennessee will take over the operations of the campus. It is anticipated that the University of Memphis will hire former Lambuth University employees, educators and maintenance personnel and pay all on-going operating expenses including utilities.

13. Creditors of the Debtor will not be prejudiced by the Lease. Instead, such payment will ensure continued operation of academic operations at the campus and will therefore contribute to the value of the Debtor’s estate.

WHEREFORE, the Debtor respectfully requests that this Court enter an Order on an emergency basis authorizing it to enter into the Lease with the State of Tennessee and for such other and further relief to which it may be entitled.

Dated: July 29, 2011.

Respectfully Submitted,

/s/ Steven N. Douglass  
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**CERTIFICATE OF SERVICE**

I hereby certify that on the 29<sup>th</sup> day of July, 2011, I served copies of the foregoing electronically filed Motion and any Exhibit attached thereto either via U.S. mail, overnight delivery or via electronic mail upon: the United States Trustee and the following parties:

All American, Inc.  
3230 Summer Ave.  
Memphis, TN 38112

BancorpSouth  
P. O. Box 549  
Jackson, TN 38302

City of Jackson  
107 East Main St.  
P. O. Box 2391  
Jackson, TN 38302

Cline Tours  
P. O. Box 300148  
Memphis, TN 38118

Cross Gate Services, Inc.  
1730 Gen Geo Patton Drive  
Brentwood, TN 37027

FHEG Lambuth University Bookstore  
Store No. 114  
3146 Solutions Center  
Chicago, IL 60677-3001

Health Partners, Inc.  
1804 Hwy. 45 By-Pass  
Suite 400  
Jackson, TN 38305

Hobsons, Inc.  
P. O. Box 641055  
Cincinnati, OH 45264-1055

Jackson Downtown Lions Club  
P O Box 3426

Jackson Energy Authority  
P. O. Box 2288

Jackson, TN 38303

Johnseys Sporting Goods  
447 N. Royal Street  
Jackson, TN 38301-5370

Kesslers Team Sports  
930 East Main Street  
Richardson, IN 47374

Rainey, Kizer, Reviere, Bell PLC  
105 S. Highland Ave.  
Jackson, TN 38301

Skeeter Kell Sporting Goods  
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Chicago, IL 60674

Sodexo, Inc. & Affiliates  
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Office of Real Property  
William R. Snodgrass Tennessee Tower  
22<sup>nd</sup> Floor - 312 Rosa L. Parks Avenue  
Nashville, TN 37243-1102

/s/ Steven N. Douglass  
Steven N. Douglass